

WATER/TAC/LTR:jrb

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**WATER DIVISION**

**RESOLUTION NO. W-4411**

**August 21, 2003**

**R E S O L U T I O N**

**(RES. W-4411), COBB MOUNTAIN WATER COMPANY (CMWC). ORDER AUTHORIZING A ONE-TIME SURCHARGE TO RECOVER AN INCREASE IN WATER TESTING COSTS PRODUCING AN INCREASE IN ANNUAL REVENUES OF \$618.76 OR 5.23% AND AN INCREASE IN THE MINIMUM LATE CHARGE FROM \$1.00 TO \$5.00.**

---

**SUMMARY**

This resolution grants CMWC an offset rate increase in gross annual revenues of \$618.76, or 5.23%, which will be recovered through a two-month surcharge of \$4.99 per customer. This is in order to recover the balance in CMWC's Water Quality Memorandum Account (WQMA). This rate increase will not result in a rate of return greater than the last authorized for CMWC. This resolution also grants CMWC authority to raise the minimum late charge from \$1.00 to \$5.00.

**BACKGROUND**

CMWC, by Advice Letter (AL) No. 31, filed on July 2, 2003, requests authority under Section VI of General Order (G.O.) 96-A and Section 454 of the Public Utilities Code to add a one-time surcharge to its tariff Schedule No.1A, Annual General Metered Service, resulting in an increase in annual revenues of \$618.76, or 5.23%. This increase is to recover CMWC's WQMA balance. The WQMA account tracks water testing costs above and beyond the amount allowed in the last general rate case. CMWC also seeks to increase the minimum late charge in its tariff Schedule No. LC, Late Charge, from \$1.00 to \$5.00, to reflect the costs of extra billing and shut-off notices.

CMWC presently serves 62 metered customers in residential areas located one mile west of the town of Cobb, Lake County. CMWC's Schedule No. 1A rates became effective on February 10, 2002, pursuant to Resolution (Res.) W-4013,

which authorized recovery of \$378.81 for memorandum account recovery of water testing costs. CMWC's Schedule No. LC rates became effective on June 24, 1996, pursuant to Res. W-3875 and Res. W-3940.

CMWC's last general increase was authorized on February 3, 1994, pursuant to Res. W-3825, which authorized an interim rate increase of \$2,280, or 23.8%, and a rate of return of 11.72% for Test Year 1993

## **DISCUSSION**

Res. W-4013, dated December 20, 1996, which expired January 1, 2002, and Res. W-4327, dated March 6, 2002, authorized all Class B, C, and D water utilities to establish WQMAs for recording expenses resulting from drinking water regulations, including water sampling, testing, reporting, and treatment costs, not presently included in rates. Class B, C, and D water utilities were also authorized to request recovery of these account balances by advice letter filings in accordance with GO No. 96-A. WQMA recovery requires a resolution.

The surcharge requested herein would allow CMWC to recover the WQMA balance, which totals \$618.76 from January 1, 2000 through April 1, 2003. The Water Division recommends that CMWC be authorized to assess a two-month surcharge of \$4.99 per customer to recover the \$618.76 balance, which will be booked in the WQMA balancing account.

Res. W-4035, dated April 9, 1997, allowed Class C and D water utilities to increase the late payment charge, as found in Schedule LC, to \$5.00. CMWC did not, at that time, seek to increase this fee. CMWC is now seeking to increase its late payment charge from \$1.00 to \$5.00.

Service is satisfactory. There are no Commission orders requiring system improvements and there are no service problems requiring corrective action. CMWC has been filing annual reports regularly and currently complies with all Commission orders and regulations.

From March 17, 2002 through March 17, 2003, the Consumer Affairs Branch of the Public Affairs Division received no complaints regarding CMWC.

## **NOTICE AND PROTESTS**

Notice of the proposed rate increase was mailed to each customer on July 1, 2003. There were no letters of opposition to the requested increases.

## **FINDINGS**

1. Res. W-4327 authorized CMWC to establish a Water Quality Memorandum Account.
2. CMWC properly established its account and booked \$618.76 to it.
3. Staff reviewed the account and determined that recovery by a \$4.99 per customer surcharge for two months is reasonable.
4. Res. W-4035 authorized CMWC to increase the fee on Schedule LC, Late Payment Charge, to \$5.00. CMWC has not sought to increase this fee until now.
5. The resultant rate increase authorized in this resolution will not result in a rate of return greater than the last authorized for CMWC.
6. The Commission finds, after investigation by the Water Division, that the changes hereby authorized are justified and the resulting rates are just and reasonable.

## **THEREFORE IT IS ORDERED THAT:**

1. Cobb Mountain Water Company's Advice Letter No. 31 is hereby approved.
2. Cobb Mountain Water Company is authorized, five days after the effective date herein, to make effective the revised Schedule No. 1A, Annual General Metered Service, and Schedule No. LC, Late Charge, attached to Advice Letter No. 31, and to cancel the corresponding presently effective rate schedules.

3. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on August 21, 2003; the following Commissioners voting favorably thereon:

---

WILLIAM AHERN  
Executive Director

MICHAEL R. PEEVEY  
President  
CARL W. WOOD  
LORETTA M. LYNCH  
GEOFFREY F. BROWN  
SUSAN P. KENNEDY  
Commissioners